

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

PURCHASED GAS ADJUSTMENT)
FILING OF LOUISVILLE GAS)
AND ELECTRIC COMPANY)

CASE NO. 7799-E

O R D E R

On September 24, 1980, the Commission issued its Order in Case No. 7799 approving certain adjustments in rates and providing under certain conditions for the further adjustment of rates when the wholesale cost of gas is increased, decreased or refunds are received.

On November 4, 1981, Louisville Gas and Electric Company ("Louisville") notified the Commission that they had received a decrease in rates from Texas Gas Transmission Corporation ("Texas Gas").

On September 4, 1981, Texas Gas filed a rate reduction with the Federal Energy Regulatory Commission ("FERC"), effective August 1, 1981, reflecting an adjustment to its own PGA to give effect to rate reductions by two of its pipeline suppliers.

The effect of this Texas Gas rate filing, as applied to Louisville's purchased gas costs for the 12 months ended September 30, 1981, is a decrease of \$1,341,779 of this total decrease, \$52,928 is applicable to gas used as electric department fuel, leaving \$1,288,851 as applicable to Louisville's gas department.

This decrease will result in a proposed decrease in the purchased gas adjustment of 2.32¢ per Mcf, or .232¢ per 100 cubic feet.

Louisville has proposed that its purchased gas adjustment be decreased effective December 1, 1981. Because of both the retroactive changes by Texas Gas and the absence of an Order from the Commission in Case No. 7799-D, Louisville was unable to make a timely filing to give effect to the aforesaid Texas Gas rate reduction. Therefore, Louisville will have a refund obligation in connection with purchases from Texas Gas for the months of August, September, October and November 1981.

The total amount refundable to Louisville's gas customers is \$431,072, after reduction of \$17,516 for that amount applicable to gas used as electric department fuel. This refundable amount will result in a refund factor of .074¢ per 100 cubic feet.

After reviewing the notice and application filed in this case and being advised the Commission is of the opinion and finds that:

1. Louisville's supplier has filed decreased rates which will result in decreased rates to Louisville.
2. The application filed November 4, 1981, reflected Texas Gas' rates as filed with FERC on September 4, 1981.
3. A decrease of 2.32¢ per Mcf in Louisville's purchased gas adjustment is proper to give effect to the Texas Gas rate decrease.

4. Louisville has a refund of \$431,072 to be refunded to its customers.

5. Louisville should refund said monies including interest over a 12-month period beginning on and after December 1, 1981.

6. Louisville should refund the amounts reported in its application plus interest at a rate equal to the average of the "3-Month Commercial Paper Rate" for the immediately preceding 12-month period less $\frac{1}{2}$ of the 1% to cover the costs of refunding. These monthly rates are reported in both the Federal Reserve Bulletin and the Federal Reserve Statistical Release.

7. The purchased gas adjustment of Louisville should be adjusted to the following:

PGA corresponding to Base Supplier	6.347¢
Refund Factor effective August 1, 1981, and continuing for 12 months or until Louisville has discharged its refund obligation from Case No. 7799-C	(.378)
Refund Factor effective September 1, 1981, and continuing for 12 months or until, Louisville has discharged its refund obliga- tion from Case No. 7799-D	(.670)
Refund Factor effective December 1, 1981, and continuing for 12 months or until Louisville has discharged its refund obligation from Case No. 7799-E	<u>(.074)</u>
Total Adjustment per 100 cubic feet	5.225¢

IT IS THEREFORE ORDERED that the purchased gas adjustment sought by Louisville as set out in Finding No. 7 above be and the same is hereby approved to be effective with gas supplied on and after December 1, 1981.

IT IS FURTHER ORDERED that Louisville shall apply a refund factor in the amount of .074¢ per hundred cubic feet of gas as a reduction in the approved purchased gas adjustment beginning on December 1, 1981, and remain in effect until such time as necessary so that the refund will, as nearly as possible, reflect the exact amount. The refund factor will terminate at such period of time that the refundable amount equals the refund herein reported plus interest.

IT IS FURTHER ORDERED that the purchased gas adjustment of Louisville set forth in Finding No. 7 above be and the same is hereby approved to be effective for service rendered on and after the date of this Order, and that within 30 days of the date of this Order Louisville shall file with this Commission its revised tariff sheets setting out the purchased gas adjustment approved herein.

IT IS FURTHER ORDERED that for the purpose of the future application of the purchased gas adjustment the base rate shall be:

	<u>Monthly Demand Charge</u>	<u>Commodity Charge</u>
Texas Gas Rate G-4	\$3.00	272.72¢

IT IS FURTHER ORDERED that the information furnished the Commission by Louisville in this case constitutes full compliance with the Commission's Order in Case No. 7799 and any other information ordinarily required to be filed by the Commission's regulations is hereby waived.

Done at Frankfort, Kentucky, this 17th day of November, 1981.

PUBLIC SERVICE COMMISSION

Marlin M. Voth
For the Commission

ATTEST:

Secretary